

## Message Text

SECRET

PAGE 01 LONDON 06890 01 OF 02 271920Z  
ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W  
-----271922Z 016631 /41

O R 272011Z APR 77  
FM AMEMBASSY LONDON  
TO SECSTATE WASHDC IMMEDIATE 3177  
INFO AMEMBASSY PARIS  
AMEMBASSY BONN  
AMEMBASSY BRASILIA

S E C R E T SECTION 01 OF 02 LONDON 06890

EXDIS

E.O.11652: XGDS-1  
TAGS: MNUC, TECH, PARM, GW  
SUBJECT: NUCLEAR SUPPLIERS BILATERAL WITH FRG

1. APRIL 26 U.S./FRG BILATERAL OPENED WITH DISCUSSION OF MORATORIUM ON SENSITIVE NUCLEAR TRANSFERS. DITTMAN, HEAD OF FRG DELEGATION, EXPLICITLY CONFIRMED THAT, SETTING ASIDE BRAZIL, FRG "HAS NO INTENTION OF TRANSFERRING" SENSITIVE TECHNOLOGY IN THE FUTURE. DITTMAN SAID THIS WAS RECONFIRMATION OF POSITION CONVEYED TO U.S. AT LAST TWO U.S./FRG SUPPLIER BILATERALS AND WAS CLEAR GERMAN POLICY. HE ASKED THAT QUESTION OF MORATORIUM NOT BE RAISED AT MULTILATERAL MEETING SINCE IT WAS SENSITIVE FOR FRG AND QUIET UNDERSTANDING AMONG KEY SUPPLIERS SHOULD SUFFICE. IN VIEW OF CATEGORICAL NATURE OF FRG ASSURANCE, U.S. DID NOT PRESS FOR PUBLIC STATEMENT OR HIGHER LEVEL CONFIRMATION, ALTHOUGH NYE PRIVATELY TOLD DITTMAN WE WOULD LIKE EITHER OR BOTH.

2. IN DISCUSSION OF INFCEP, NYE STRESSED THAT NEITHER PRESIDENT'S DECISIONS REGARDING U.S. DOMESTIC NUCLEAR PROGRAM NOR THE PROPOSED INTERNATIONAL EVALUATION PROGRAM

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WERE INTENDED TO PREJUDGE QUESTION ULTIMATE ADOPTION OF PLUTONIUM BREEDER OR POSSIBLE ALTERNATIVE FUEL CYCLES. BOTH WERE INTENDED TO PROVIDE OPPORTUNITY AND MEANS TO OBTAIN BETTER ANSWERS TO MULTITUDE OF QUESTIONS WHICH NEEDED TO BE MORE FULLY UNDERSTOOD BEFORE CRUCIAL DECISIONS MADE AFFECTING VITAL LONG-TERM ENERGY AND SECURITY INTERESTS OF MANY COUNTRIES. U.S. BELIEVES IT IS ESSEN-

TIAL TO HAVE BEST POSSIBLE ANSWERS, AND THAT SINCE REPROCESSING AND RECYCLE ARE NOT ECONOMICALLY ESSENTIAL FOR PRESENT LWR FUEL CYCLE, INTERNATIONAL EFFORT CAN AND SHOULD BE UNDERTAKEN NOW TO OBTAIN THESE ANSWERS.

3. AFTER THOROUGH EXPLORATION OF U.S. IDEAS CONCERNING CONTENT AND ORGANIZATION OF IFCEP, DITTMAN INDICATED TO NYE THAT FRG WOULD BE PREPARED TO PARTICIPATE, AND HE WOULD CONVEY MUCH CLEARER AND MORE COMPLETE UNDERSTANDING OF SHAPE AND PURPOSE OF PROPOSED PROGRAM TO HIS GOVERNMENT UPON RETURN. FRG ASKED ABOUT REPROCESSING IN INFCEP. U.S. MADE CLEAR ANALYTIC STUDIES WERE INCLUDED BUT THAT IT COULD NOT, IN VIEW OF NATIONAL POLICIES, PARTICIPATE IN PHYSICAL REPROCESSING ACTIVITIES WITHIN IFCEP. FRG DID NOT PRESS REPROCESSING QUESTION FURTHER.

4. IN EXTENSIVE DISCUSSION OF FUTURE OF NUCLEAR SUPPLIER GROUP AND ITS RELATIONSHIP TO INFCEP, FRG PRESSED FOR INVITING KEY COUNTRIES SUCH AS IRAN AND BRAZIL TO PARTICIPATE IN NSG EVEN BEFORE PUBLICATION OF GUIDELINES AND OPENING NSG TO GENERAL MEMBERSHIP. FRG WAS CONCERNED THAT FURTHER DELAY UNTIL GUIDELINES PERFECTED WOULD CREATE ADDITIONAL RESENTMENT AND NORTH/SOUTH FRICTION, AND THAT TO BE EFFECTIVE NON-PROLIFERATION REGIME REQUIRED WIDEST POSSIBLE ACCEPTANCE. WHILE AGREEING THAT WAYS SHOULD BE FOUND TO MINIMIZE NORTH/SOUTH FRICTION, U.S. REPORTED THAT OTHER SUPPLIERS FAVORED MORE GRADUAL APPROACH WITH COMPLETION OF CURRENT GUIDELINES REVIEW BEFORE MAJOR EXPANSION OF NSG; INTER-SECRET

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ESTS OF RECIPIENTS COULD BE ACCOMMODATED BY PARTICIPATION IN INFCEP AS WELL AS EVENTUAL OPPORTUNITY TO ENTER NSG; U.S. WAS NOW INCLINED TO SHARE THIS APPROACH.

5. ON FULL-SCOPE SAFEGUARDS, FRG INDICATED RELUCTANCE TO ADOPT AS NATIONAL POLICY IN ABSENCE OF SUPPLIER CONSENSUS, ARGUING THAT THIS WOULD GIVE SIGNIFICANT COMMERCIAL ADVANTAGE TO SUPPLIERS WHO REFUSED TO GO ALONG. EVEN WITHIN CONTEXT OF SUPPLIER CONSENSUS, FRG SAID IT HAD CONTINUED RESERVATIONS BECAUSE OF PROBLEMS IN APPLYING RETROSPECTIVELY TO EXISTING CONTRACTS, AND BECAUSE REQUIREMENT SEEMED EXCESSIVE IN CASE OF MINOR TRIGGER LIST ITEMS SUPPLIED IN SUPPORT OF PAST SALES (E.G. SPARE COMPONENTS, ETC.). U.S. RESPONDED THAT RETROSPECTIVE APPLICATION PROBLEM DID NOT ARISE IN CONTEXT OF GUIDELINES AMENDMENT SINCE GUIDELINES THEMSELVES ARE NOT AUTOMATICALLY APPLICABLE TO EXISTING AGREEMENTS.

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ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W  
-----271923Z 016514 /41

O R 272011Z APR 77  
FM AMEMBASSY LONDON  
TO SECSTATE WASHDC IMMEDIATE 3178  
INFO AMEMBASSY PARIS  
AMEMBASSY BONN  
AMEMBASSY BRASILIA

S E C R E T SECTION 02 OF 02 LONDON 06890

EXDIS

EVEN IF FRG CONCERNS ABOUT COMMERCIAL DISADVANTAGE WERE JUSTIFIED TO CERTAIN EXTENT, NYE URGED FRG TO TAKE POSITION STANCE ON MERITS OF ISSUE. NYE INDICATED PRESIDENT HAD RECENTLY DECIDED THAT U.S. WOULD SUPPORT ADOPTION OF FULL-SCOPE PROVISION IN GUIDELINES, AND PENDING ITS ADOPTION WOULD CONDITION U.S. SUPPLY IN ALL NEW AND AMENDED AGREEMENTS ON CONTINUED ACCEPTANCE OF IAEA SAFEGUARDS ON ALL OF RECIPIENTS NUCLEAR ACTIVITIES. NYE PRESSED FRG TO ADOPT SIMILAR NATIONAL POLICY, STRESSING THAT ANYTHING LESS WOULD BE SEEN AS INCONSISTENT WITH RECENT FRG INSISTENCE THAT SAFEGUARDS WERE KEY TO EFFECTIVE LONG-TERM NON-PROLIFERATION POLICY.

6. FRG SAID IT WOULD OPPOSE MAKING ARTICLE 9 OF GUIDELINES MANDATORY ON THE GROUNDS THAT SUPPLIER VETO OF REPROCESSING GIVES SUPPLIER (READ U.S.) CONTROL OVER NATIONAL NUCLEAR PROGRAM WHICH FRG, AS RECIPIENT, FINDS UNACCEPTABLE.

7. FRG WAS FAVORABLY DISPOSED TOWARD IDEA OF STRENGTHENING GUIDELINES PROVISIONS ON SANCTIONS, BUT HAD SOME DIFFICULTY WITH CANADIAN DRAFT LANGUAGE. FRG POSITION  
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WOULD DEPEND UPON PRECISE LANGUAGE, BUT THEY THOUGHT THIS  
PRIMARILY A DRAFTING PROBLEM.

SPIERS

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## Message Attributes

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